

State Senator Mike Prusi's Capitol UPdate

February 2005



Welcome to the first edition of my Capitol UPdate E-Newsletter. I would like to take the opportunity to thank you for your support. I have appreciated the opportunity to represent you in Michigan's 38th Senate District, covering 13 of the 15 counties in the U.P. in a district stretching from Ironwood to Luce County and from Copper Harbor to Menominee. Because it is hard to get to all corners of the district regularly for in-person updates, I hope this monthly E-newsletter will keep you informed of the latest news from Lansing and how it will affect life back home in the U.P.

Lansing Update

Last week, Governor Granholm unveiled her proposal to restructure Michigan business taxes, including the most dramatic changes ever proposed in the 30-year existence of the Single Business Tax (SBT). The Governor's bold proposal is the culmination of two years of hard work by the Granholm Administration and State Treasurer Jay Rising. It is dedicated towards making business taxes in Michigan more attractive for job providers. Dubbed The Michigan Jobs & Investment Act, the initiative will broadly restructure business taxes in Michigan, reducing the existing Single Business Tax rate by approximately 37 percent for most businesses that are affected by it.

Under the plan, three out of every four businesses that pay the SBT will see a reduction in their tax rate. The Governor's proposed changes will help ensure that existing major employers continue to keep jobs in Michigan, will help small businesses grow, and will encourage research and development companies to create new high-growth jobs in this state. In fact, the Michigan Manufacturer's Association (MMA) and the Small Business Association of Michigan (SBAM) are among business groups that have reacted positively to the proposal and plan to develop a coalition that will include their members and other small businesses to promote the plan. The President of MMA, Mr. John "Mac" MacIlroy, stated last week, "We are very pleased with what we see, and I think many, many other businesses, not just manufacturers are going to see the utility of this reform."

I agree that job growth is essential to the recovery of Michigan's economy from the recent national recession. The Governor's proposal seeks to make Michigan's business tax structure simpler, fairer, and more attractive for job providers, while at the same time ensuring a great quality of life with access to affordable health care and quality education for all Michigan residents.

The Michigan Jobs & Investment Act:

- cuts the Single Business Tax rate 37 percent;
- gives small businesses a 40 percent rate cut;

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- creates a 35 percent refundable personal property tax credit for manufacturing and research and development property;
- establishes a tax credit that will encourage research and development companies to grow.

It is important to note that the proposal is revenue neutral and will not reduce revenue that, in turn, would produce harmful budget cuts to Michigan's schools or health care programs. Employers and families want good schools, affordable health care, and a strong business climate. The Governor's proposal reduces the tax burden for over 77% of Michigan businesses while protecting funding for these vital public priorities.

The proposal will increase the profit component of the tax base for corporations and bring taxes on insurance companies in line with the national average. By eliminating some tax breaks and credits, placing a greater emphasis on profits, and reforming insurance taxes, the revised SBT would generate enough revenue to cut the overall tax rate.

A two percent tax on insurance premiums would be applied to insurance companies, bringing taxation on Michigan's insurance industry in line with the national average. However, the plan would not apply to Blue Cross Blue Shield of Michigan, health maintenance organizations, or self-insurance plans. In addition, out-of-state businesses will likely see a tax increase under the plan.

As the newly-elected 93rd Legislature begins difficult work on the Fiscal Year 2005-2006 State Budget, this proposal will certainly remain at the center of attention for most of the year. I look forward to studying the proposal once it is officially released. Additionally, as Minority Vice-Chair of the Senate Appropriations Committee, I will be working on the budget, first hand, and I encourage you to share your thoughts with me on the Governor's SBT proposal and other budgetary-related issues as we move forward and make difficult decisions to resolve our current Fiscal Year 2004-05 budget deficit and the pending FY 2005-06 budget deficit.

Mike's Corner

In this part of the newsletter, I will be focusing regularly on legislation or action that directly affects the U.P. A few bills recently signed into law by Governor Granholm this past December will directly benefit the U.P.

U.P. judicial system and counties benefit under legislative compromise

Senate Bill 823 (Public Act 492 of 2004) takes effect on March 30, 2005. PA 492 includes numerous amendments to the Revised Judicature Act concerning part-time probate judges and probate court districts. I worked last fall in a bi-partisan manner with

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the chair of the Senate Judiciary Committee and majority party leadership in the House and Senate to forge a compromise that created full-time probate judges in Baraga and Ontonagon Counties and retain the full-time trial court in Iron County.

As introduced, SB 823 would have eliminated some judicial positions completely in order to elevate part-time probate judges to full-time status. I worked extremely hard in cooperation with judges in the Western U.P. and my colleagues across the aisle to prevent that from happening. PA 492 ensures a more efficient and effective judicial system in the U.P. Additionally, the bill requires that the state, not local counties, cover the expenses associated with these positions, reducing costs for local U.P. taxpayers. Previously, local counties were required to pay a significant portion of expenses for part-time judges.

Finally, the bill would provide for the state to assume the full costs, rather than one-half of the costs of an election to create the First Probate District, which would consist of Houghton and Keweenaw Counties. Based on costs of the 2000 presidential primary election, the Department of State has estimated that costs of the Houghton/Keweenaw election would be approximately \$28,500. State costs of the election thus would be \$14,250 more than they otherwise would have been, while local costs would be lower by the same amount.

Legislation Expanding Access to Hunting & Fishing Licenses Now Law

The Governor also signed into law Senate Bill 1148 (Public Act 545 of 2004), which I introduced early last year. The Act makes hunting and fishing licenses more accessible to military personnel home on leave, requiring that military hunting and fishing licenses be made available through all license vendors at no cost, making that license valid throughout the established season.

Early last year, I learned that while the Department of Natural Resources (DNR) allowed active members of the military to purchase seasonal two-week hunting and fishing licenses for \$1 while they were home on leave, these licenses were only available at statewide DNR Operations Service Centers (OSC). Since there are only 9 OSCs statewide, (3 in the U.P., Baraga, Marquette, & Newberry), some servicemen and women home on leave with their families needed to drive over three hours to purchase their license—taking valuable time away from family & friends. For example, a soldier home on leave in Menominee wanting to fish or hunt and enjoy the outdoors for a day or two with relatives would need to make a round trip to Marquette for the license, an unnecessarily long trip that could be avoided with simple changes to DNR policy.

After I introduced this legislation, the DNR implemented rules allowing military personnel to purchase their hunting and fishing licenses at any location that sells these licenses for \$1 as of October 1. Despite this change, there was no guarantee that the policy would continue for future hunting seasons. Now that SB 1148 is law, servicemen and women home on leave can buy a license at a local convenience store, gas station, or

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any other local license vendor. I believe this is a great example of how an issue of common sense, brought to my attention by a U.P. constituent, resulted in state law.

As we begin a new legislative session, along with new bill requests, many of the bills introduced last year will require reintroduction. Last session, 916 of the 2,639 House-introduced bills and 1,489 Senate-introduced bills were signed into law. I will be reintroducing a number of bills, and I encourage you to contact me if you have an idea for future legislation. Many bills often start out as ideas or suggestions from constituents, and my office is always available if you have an idea or an issue you want to bring to my attention.

Contact My Office

I sincerely hope you found the information in this E-Newsletter interesting and useful. The Internet is a great way to keep in touch with the latest news in state government. Please feel free to contact my office if I can ever be of any assistance to you on a particular area of interest or concern.

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